

WASHINGTON, DC – Today, Rep. Pete Stark (D-CA), Senior Democrat on the Ways and Means Health Subcommittee, made the following statement regarding the President's Rose Garden press conference on Medicare.

"Later this morning, President Bush will be holding a well-publicized Rose Garden event focusing on the still undefined Medicare legislation. While there are many unresolved provisions in the conference, it is clear that both the House and Senate versions of this bill are designed to funnel a significantly higher number of beneficiaries to private plans. On this point alone, there is reason for great concern.

"The Medicare Payment Advisory Commission (MedPAC), an independent federal body that advises Congress on issues affecting the Medicare program, reports that, on average, current private Medicare plans cost the government 103% of traditional Medicare. In certain counties, called Floor Counties, Congress has set an even higher payment level of up to 113 % of traditional Medicare costs to entice private plans to enter the market. Obviously, cost savings to the government is not a benefit of the existing privatization model.

"The story doesn't end there. The MedPAC report further indicated that these private sector plans, called Medicare+Choice, have been successful at recruiting seniors to their programs who are generally healthier than average. As a result, their costs are 16% less than traditional Medicare. Thus, if you combine the average increased cost being paid to the private Medicare plans, plus the cost savings due to healthier seniors, the government is paying a differential of almost 20% to bring private plans into the Medicare marketplace. Is this a good use of limited government funds? Obviously not.

"These private Medicare plans clearly cost more than traditional Medicare. Privatization can only save money by financially starving these plans and forcing them to reduce benefits at the expense of the health of our seniors. Seniors beware. The Administration is not promising you a rose garden, it's a crown of thorns!"